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SOURCE Newspapers as indicated.

BLOCKADE HURTS FU-CHOU;
DISCUSSES SMUGGLING OPERATIONS

FU-CHOU PUSHES INLAND COMMUNICATION -- Kung-shang Jih-pao, 18 Jan 50

Fu-chou, 17 January -- Communist-held Fu-chou at present is suffering from the effectiveness of the KMT blockade. Even high-ranking government officials have admitted the drastic effect of the blockade.

Fu-chou is essentially a consumer city. There is not a single large factory in the area and no heavy industry of any kind. Of the 300,000 population, 100,000 are civil service workers, businessmen, and urban proletariat. At first glance it might seem that a blockade could cause little inconvenience to a nonindustrial city. The fact that Fu-chou is a consumer city, however, and not self-sufficient explains its present great distress.

Two measures are being taken to cope with the blockade: (1), developing inland communications, (2), increasing farm production. To develop inland communications, during the past months traffic has been opened on the provincial life line, the Fu-chou -- Hsia-men highway, and on the Min Chiang. All other public roads are undergoing repairs and contact has been maintained with Chekiang and Kiangsi. Although quantities are limited and rates are higher than by ship, many products can be brought in from Shang-hai.

Efforts are being made to coordinate agriculture more closely with industry and commerce. Home and handicraft industries in the rural areas are being encouraged, and unemployed urban laborers are being sent to the countryside to aid the production program. Firm measures will be established for the protection of private capitalists. Landlords and rich farmers who fled will be allowed to return and participate in the production program. No details shall be overlooked in helping the poor.

In an effort to economize, regulations shall be enforced more stringently, great wealth liquidated, revenue regulations revised to bring maximum returns and many expenditures eliminated or decreased.

Many military personnel are economizing on rations. The daily rice ration has been reduced from 24 to 22 ounces. To reduce gasoline consumption, the municipal buses have curtailed their service and all vessels on the Min Chiang are using wood as fuel.

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Although Fu-chou is suffering from the effects of the blockade, and many kinds of supplies including metals and cloth are becoming scarce, everyone still has enough to eat. Shortages cause inconvenience but since contact has been kept with Shang-hai and other native sources of supply, with a little perseverance Fu-chou will survive to celebrate eventual victory.

GOLD SMUGGLING THRIVES -- Hsin-sheng Wan-pao, 20 Jan 50

Kuang-chou -- Large amounts of gold are leaving Kuang-chou every day for Hong Kong, and shipments of foreign goods are entering Kuang-chou from the colony despite regulations of the Kuang-chou People's government to the contrary.

The motivating force behind the movement of gold to Hong Kong was the loan quota assigned to the goldsmiths by the municipal government in the early part of December 1949. The goldsmith's quota, which was over 2 billion yuan in people's currency, amounted to a greater amount proportionately than that of any other group. As a result, 90 percent of the shops closed down on 11 and 12 December and their managers disappeared. Since the gold in Kuang-chou could no longer remain there, the only road open was Hong Kong. According to estimates by Kuang-chou economists, from 4,000 to 6,000 ounces of gold left the city every day from 15 December 1949 to 15 January 1950. At least 100,000 ounces were removed to Hong Kong, 20,000 ounces to Macao and 20,000 more were disposed of in areas around Kuang-chou.

This flight of gold, of course, involved smuggling. However, since the smuggler received 25 percent of the value of the gold from the owner, all sorts of other methods were used to move the gold to secure places. There was also a legal means. Passengers traveling on the Kuang-chou -- Chiu-lung Railroad are allowed to carry up to 2 ounces of gold and jewelry on their persons. It is reported that gangs organized in Kuang-chou and made it a business to carry gold and jewelry to Hong Kong for a fee of 7 to 10 percent of their value. It is estimated that 3,000 to 3,500 ounces of gold left Kuang-chou "legally" every day.

The same methods have been used to smuggle all sorts of foreign goods from Hong Kong into Kuang-chou, where the prices are much higher. The principal items include cosmetics, wool, and radio parts. Although only a little is carried at a time, the total amount of goods crossing the border is considerable. It is estimated that more than 75 percent of the passengers on the Kuang-chou -- Chiu-lung line, which average 2,000-2,500 daily, are engaged in this sort of activity. The effectiveness of these smuggling operations may be measured by the fact that regulations were passed 17 January 1950 decreeing that passengers carrying goods valued at more than 20 Hong Kong dollars would have to pay customs duties or suffer confiscation of their goods.

TAIWAN FOODSTUFFS SMUGGLED TO CCP AREAS -- Hsin-sheng Wan-pao, 20 Jan 50

A report from Taiwan indicates that large amounts of foodstuffs produced on the island are being smuggled into areas controlled by the CCP. If such operations are possible, it may mean that the Communists possess a channel into Taiwan which will be of assistance in future military operations against the island.

It should also be noted that Taiwan's economic structure will experience difficulties if trade with the mainland is cut. For example, since Taiwan no longer furnishes coal to Shang-hai, a critical situation has arisen in her coal industry.

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